



Juan Morado, Jr.
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March 27, 2023

VIA E-MAIL

John P. Kniery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, Illinois 62761

**Re: Final Cost Report- Encompass Health Rehabilitation Institute of Libertyville,
Permit #19-036**

Dear Mr. Kniery:

We represent Encompass Health Rehabilitation Institute of Libertyville, Encompass Health Real Estate Illinois, LLC, and Encompass Health Corporation (the "Permit Holders") with regard to Permit #19-036, a Certificate of Need to establish a 60 bed comprehensive rehabilitation hospital. The Illinois Health Facilities and Services Review Board ("Board") approved the project on February 25, 2020. We are happy to report that the project is complete, and we request that you accept this letter as our final cost report consistent with 77 Ill. Admin. Code Section 1130.770

Enclosed you will find an itemization of the final realized costs, and the Permit Holders certify that the final realized costs, as itemized are the total costs required to complete the project and that there are no additional costs or associated costs or capital expenditures related to the project. Additionally, enclosed is a completed G702, a financial report completed by a third party auditor, and copy of the facility license issued by the Illinois Department of Public Health. The project was timely completed, in advance of the project completion date of December 30, 2022, and according to the terms of the permit letter issued by the Board.

If you should have any questions or need any additional information regarding the project, please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF, LLP

A handwritten signature in blue ink, appearing to read 'Juan Morado, Jr.', written over the printed name.

Juan Morado, Jr.

State of Alabama
County of Jefferson

Verification

I, Carey B. McRae, being duly sworn on oath, depose and state as follows:

1. I serve as Associate General Counsel for Encompass Health ("Encompass"), the parent company of Encompass Health Rehabilitation Hospital of Libertyville, LLC, the operator for Project #19-036.
2. We filed a Certificate of Need application to establish a 60-bed Comprehensive Physical Rehabilitation Hospital, in Libertyville, Illinois.
3. That application was approved by the Health Facilities and Services Review Board as Project #19-036.
4. The project was completed, the facility was surveyed, and a license was issued on March 17, 2022 (a copy of the license is enclosed).
5. I certificate that the final realized costs are the total costs required to complete the project and that there are no additional costs or capital expenditures related to the project.
6. The final realized costs for the project equaled \$41,614,695.
7. The source of funds for the projected amount to \$41,614,695 in cash and securities.

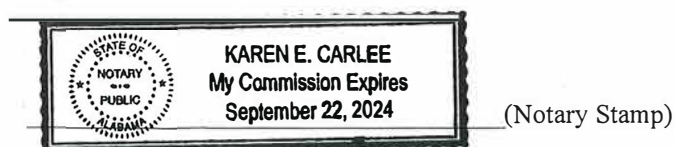
Under the penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certified that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believe the same to be true.

C B McRae (Signature)

3/29/23 (Date)

On this 29 day of March, 2023, before me the undersigned notary public, personally appeared Carey B. McRae, personally known or provided to me through satisfactory evidence of identification, to be the person whose name is signed on the preceding or attached documents and acknowledged to me that he signed it voluntarily for its state purposed.

Karen E. Carlee (Signature of Notary)





Report of Independent Auditors

To the Management of Encompass Health Corporation,

Opinion

We have audited the accompanying Schedule of Project Costs and Sources of Funds for Project No. 19-036 of Encompass Health Rehabilitation Institute of Libertyville (the "Hospital") for the period from February 25, 2020 (date of permit approval) to December 30, 2022, including the related notes (collectively referred to as the "schedule").

In our opinion, the accompanying schedule presents fairly, in all material respects, the approved permit amounts and the actual costs expended associated with the construction of the Hospital (which was completed and opened to patients on March 21, 2022) for the period from February 25, 2020 to December 30, 2022, in accordance with the financial reporting provisions of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code 1130.770 "Project Completion, Final Realized Costs and Cost Overruns."

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As discussed in Note 2, the schedule was prepared on the basis of the financial reporting provisions of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code 1130.770 "Project Completion, Final Realized Costs and Cost Overruns," which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the act referred to above. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code 1130.770 "Project Completion, Final Realized Costs and Cost Overruns," as further described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

In preparing the schedule, management is responsible for the evaluation of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.



Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction of Use

This report is intended solely for the information and use of Management of Encompass Health Corporation and the Illinois Health Facilities and Services Review Board and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Birmingham, AL
January 27, 2023

Encompass Health Rehabilitation Institute of Libertyville

Period from February 25, 2020 (date of certificate of need permit approval) to December 30, 2022

Schedule of Project Costs and Sources of Funds for Project No. 19-036

Description of Costs	Approved Permit Amount	Actual	Variance
Preplanning Costs		\$ —	\$ —
Site Survey and Soil Investigation	248,000	45,312	(202,688)
Site Preparation	1,782,150	—	(1,782,150)
Off Site Work	—	—	—
New Construction Contracts	32,988,000	32,509,861	(478,139)
Modernization Contracts	—	—	—
Contingencies	2,655,000	—	(2,655,000)
Architectural/Engineering Fees	1,947,000	1,639,261	(307,739)
Consulting and Other Fees	991,000	1,215,384	224,384
Movable and Other Equipment	5,533,000	4,605,186	(927,814)
Bond Issuance Expense	—	—	—
Net Interest Expense During Construction	1,735,034	1,177,910	(557,124)
Fair Market Value of Leased Space or Equipment	—	—	—
Other Costs to be Capitalized	4,305,200	421,781	(3,883,419)
Acquisition of Building or Other Property	—	—	—
Total Project Costs	52,184,384	41,614,695	(10,569,689)
		\$ —	
Cash and Securities	52,184,384	41,614,695	(10,569,689)
Bond Issues	—	—	—
Total Sources of Funds	<u>\$ 52,184,384</u>	<u>\$ 41,614,695</u>	<u>\$ (10,569,689)</u>

See notes to Schedule of Project Costs and Sources of Funds for Project No. 19-036.

Notes to Schedule of Project Costs and Sources of Funds for Project No. 19-036

Note 1. Description of Project

The Illinois Health Facilities and Services Review Board (“HFSRB”) approved Project No. 19-036 (the “Project”) on February 25, 2020, and issued a permit in the amount of \$52,184,384 to Encompass Health Rehabilitation Hospital of Libertyville, LLC, Encompass Health Real Estate Illinois, LLC, and Encompass Health Corporation with an anticipated completion date of June 30, 2022. On July 11, 2022, HFSRB approved a permit extension to December 30, 2022.

The Project consists of establishment of a 60-Bed Freestanding Comprehensive Inpatient Rehabilitation Hospital in 60,730 building gross square feet of space. The construction of the hospital was completed and opened to patients on March 21, 2022.

Note 2. Basis of Presentation

The Schedule was prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code 1130.770 “Project Completion, Final Realized Costs and Cost Overruns,” and is not intended to be a complete presentation of the Hospital’s sources and uses of funds, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the Schedule is not intended to be a complete presentation of the Hospital’s sources and uses of funds in conformity with accounting principles generally accepted in the United States of America.

The Schedule is presented on the accrual basis of accounting. The amounts presented in the Schedule only relate to Project No. 19-036.

Note 3. Subsequent Events

Management of the Hospital has evaluated subsequent events through January, 27, 2023, which is the date the Schedule was available to be issued, for possible measurement and/or disclosure effects on the Schedule.

Page: 1 of 4

Distribution to:

☐ OWNER

☐ ARCHITECT

☐ CONTRACTOR

☐

☐

CONTRACT DATE : 09-30-2020

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

J.E. Dunn Construction Company

CONTINUATION SHEET

AIA DOCUMENT G703

Page: 2

AIA DOCUMENT G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.

In tabulation below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NUMBER: 15

APPLICATION DATE: 03-25-2022

INVOICE NO.:

PERIOD TO: 02-28-2022

20042300015

PROJECT NO: 20042300

[illegible]

J.E. Dunn Construction Company

CONTINUATION SHEET

AIA DOCUMENT G703

Page: 3

AIA DOCUMENT G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.
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APPLICATION NUMBER: 15

APPLICATION DATE: 03-25-2022

PERIOD TO: 02-28-2022

PROJECT NO: 20042300

INVOICE NO.:

20042300015

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE			D E WORK COMPLETED (D+E)		F MATERIAL PRESENTLY STORED	G TOTAL COMPLETED AND STORED TO DATE	PER- %(G/C)	H BALANCE TO FINISH	I RETAINAGE
		ORIGINAL	CHANGE ORDERS	CURRENT	FROM PREVIOUS APPLICATION	THIS PERIOD					
	EIFS Total:	0	0	0	0	0	0	0.0		0	0
13091	DRYWALL										
13091A	THORNE	0	3,721,252	3,721,252	3,708,639	12,613	0	3,721,252	100.0	0	0
	DRYWALL Total:	0	3,721,252	3,721,252	3,708,639	12,613	0	3,721,252	100.0	0	0
13093	HARD TILE										
13093A	TILE	0	0	0	0	0	0	0.0		0	0
	HARD TILE Total:	0	0	0	0	0	0	0.0		0	0
13094	RESILIENT FLOORING										
13094A	ABM COMMERCIAL FLOORING	0	636,068	636,068	636,068	0	0	636,068	100.0	0	0
	RESILIENT FLOORING Total:	0	636,068	636,068	636,068	0	0	636,068	100.0	0	0
13096	PAINTING										
13096A	MATANS PAINTING	0	226,500	226,500	226,500	0	0	226,500	100.0	0	0
	PAINTING Total:	0	226,500	226,500	226,500	0	0	226,500	100.0	0	0
13100	SPECIALTIES										
13100A	MANNING MATERIALS	0	148,154	148,154	144,288	3,866	0	148,154	100.0	0	0
13100B	INSOLAR	0	44,015	44,015	44,015	0	0	44,015	100.0	0	0
	SPECIALTIES Total:	0	192,169	192,169	188,303	3,866	0	192,169	100.0	0	0
13101	INTERIOR SIGANGE										
13101A	ALCO	0	30,234	30,234	26,920	3,314	0	30,234	100.0	0	0
	INTERIOR SIGANGE Total:	0	30,234	30,234	26,920	3,314	0	30,234	100.0	0	0
13120	CASEWORK										
13120A	ALLEGHENY SOLID SURFACE TECH dba ASST	0	539,955	539,955	557,214	-17,259	0	539,955	100.0	0	0
	CASEWORK Total:	0	539,955	539,955	557,214	-17,259	0	539,955	100.0	0	0
13150	HVAC										
13150A	HARTWIG	0	4,876,890	4,876,890	4,899,696	-22,806	0	4,876,890	100.0	0	0
	HVAC Total:	0	4,876,890	4,876,890	4,899,696	-22,806	0	4,876,890	100.0	0	0
13152	FIRE PROTECTION										
13152A	HILL GROUP	0	380,012	380,012	380,012	0	0	380,012	100.0	0	0
	FIRE PROTECTION Total:	0	380,012	380,012	380,012	0	0	380,012	100.0	0	0
13160	ELECTRICAL										
13160A	KELSO-BURNETT	0	3,947,522	3,947,522	3,954,754	-7,232	0	3,947,522	100.0	0	0
	ELECTRICAL Total:	0	3,947,522	3,947,522	3,954,754	-7,232	0	3,947,522	100.0	0	0
13170	PREFAB EXTERIOR PANELS										
13170A	BAKER TRIANGLE	0	2,739,556	2,739,556	2,739,556	0	0	2,739,556	100.0	0	0

J.E. Dunn Construction Company

CONTINUATION SHEET

AIA DOCUMENT G703

Page: 4

AIA DOCUMENT G702, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.
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APPLICATION NUMBER: 15

APPLICATION DATE: 03-25-2022

PERIOD TO: 02-28-2022

PROJECT NO: 20042300

INVOICE NO.:

20042300015

A ITEM NO.	B DESCRIPTION OF WORK	C SCHEDULED VALUE			D E WORK COMPLETED (D+E)		F MATERIAL PRESENTLY STORED	G TOTAL COMPLETED AND STORED TO DATE	PER- %(G/C)	H BALANCE TO FINISH	I RETAINAGE
		ORIGINAL	CHANGE ORDERS	CURRENT	FROM PREVIOUS APPLICATION	THIS PERIOD					
	PREFAB EXTERIOR PANELS Total:	0	2,739,556	2,739,556	2,739,556	0	0	2,739,556	100.0	0	0
	BUILDING Total:	2,780,900	19,775,220	22,556,120	22,576,696	-20,576	0	22,556,120	100.0	0	0
135	CONSTRUCTION MANAGEMENT										
13001	GENERAL CONDITIONS										
13001A	GENERAL CONDITIONS	1,451,662	249,775	1,701,437	1,680,861	20,576	0	1,701,437	100.0	0	0
	GENERAL CONDITIONS Total:	1,451,662	249,775	1,701,437	1,680,861	20,576	0	1,701,437	100.0	0	0
13002	INSURANCE / BONDS										
13002A	INSURANCE / BONDS	728,284	-15,133	713,151	713,151	0	0	713,151	100.0	0	0
	INSURANCE / BONDS Total:	728,284	-15,133	713,151	713,151	0	0	713,151	100.0	0	0
13004	BUILDERS RISK INSURANCE										
13004A	BUILDERS RISK INSURANCE	30,991	-643	30,348	30,348	0	0	30,348	100.0	0	0
	BUILDERS RISK INSURANCE Total:	30,991	-643	30,348	30,348	0	0	30,348	100.0	0	0
13005	PERMITS										
13005A	PERMITS	108,467	590,646	699,113	699,113	0	0	699,113	100.0	0	0
	PERMITS Total:	108,467	590,646	699,113	699,113	0	0	699,113	100.0	0	0
13007	FEE										
13007A	FEE	269,446	685,347	954,793	954,793	0	0	954,793	100.0	0	0
	FEE Total:	269,446	685,347	954,793	954,793	0	0	954,793	100.0	0	0
13010	SECURITY / FENCING										
13010A	SECURITY / FENCING	23,148	5,522	28,670	28,670	0	0	28,670	100.0	-0	0
	SECURITY / FENCING Total:	23,148	5,522	28,670	28,670	0	0	28,670	100.0	-0	0
13011	PRE-CONSTRUCTION SERVICES										
13011A	PRE-CONSTRUCTION SERVICES	74,780	0	74,780	74,780	0	0	74,780	100.0	0	0
	PRE-CONSTRUCTION SERVICES Total:	74,780	0	74,780	74,780	0	0	74,780	100.0	0	0
	CONSTRUCTION MANAGEMENT Total:	2,686,778	1,515,514	4,202,292	4,181,716	20,576	0	4,202,292	100.0	-0	0
	Project Total:	8,042,678	22,333,096	30,375,774	30,375,774	0	0	30,375,774	100.0	0	0

AIA DOCUMENT G703 - APPLICATION AND CERTIFICATE FOR PAYMENT

THE AMERICAN INSTITUTE OF ARCHITECTS 1735 NEW YORK AVENUE NW WASHINGTON DC 20006



Illinois Department of **PUBLIC HEALTH**

HF 127111

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
3/16/2024		0006288
Rehabilitation Hospital		
Effective: 03/17/2023		

Encompass Health Rehabilitation Institute of Libertyville
1201 American Way
Libertyville, IL 60048



**Illinois Department of
PUBLIC HEALTH**

HF 125132

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Amaal V.E. Tokars
Acting Director**

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
3/16/2023		0006288
Rehabilitation Hospital		
Effective: 03/17/2022		

**Encompass Health Rehabilitation Institute of Libertyville
1201 American Way
Libertyville, IL 60048**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-493-001 10M 9/18

← **DISPLAY THIS PART IN A
CONSPICUOUS PLACE**

Exp. Date 3/16/2023

Lic Number 0006288

Date Printed 3/18/2022

**Encompass Health Rehabilitation Instit
1201 American Way
Libertyville, IL 60048**

FEE RECEIPT NO.